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Jeffrey M. Nelson
Chief Counsel & Director of Legal Services

July 20, 2018

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Petition of Duke Energy Progress, LLC for an Accounting Order to Adopt
New Depreciation Rates Effective March 16, 2018
Docket No. 2018-204-E

Dear Ms. Boyd:

By this letter, the South Carolina Office of Regulatory Staff ("ORS") hereby notifies the Public Services Commission of South Carolina ("Commission") that ORS has reviewed Duke Energy Progress, LLC's ("Company") filing in the above-referenced docket. Based on the information provided, ORS has no objection to the Company's Petition for an Accounting Order to adopt new depreciation rates ("Petition").

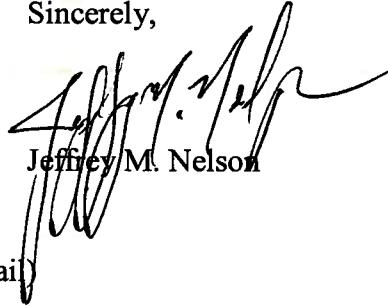
The Petition was filed in response to the findings of the Company's 2016 Depreciation Study performed by Gannett Fleming, Inc. ("Depreciation Study"). The results of the Depreciation Study indicate an annual increase in depreciation expense of approximately \$86.4 million on a system basis (\$6.6 million on a South Carolina retail basis) based on electric plant balances as of December 31, 2016. The primary drivers of this change include new plant investments, changing retirement expectations at existing plants, and accelerated retirement of the coal units in Asheville.

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ORS's position on the Petition is predicated on the basis that the issuance of an accounting order in this matter will not preclude the Commission or any party from addressing the reasonableness of these rates in a subsequent general rate case or other proceeding.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey M. Nelson", is written over the printed name.

Jeffrey M. Nelson

cc: Joseph Melchers, Esquire (via E-mail)